

[HELP ?](#)

Crunch time for control of advanced arms exports

Issues in Science and Technology; Washington; Fall 1996; Nolan, Janne E;

Volume: 13
Issue: 1
Start Page: 23
ISSN: 07485492
Subject Terms: Trade policy
Military weapons
International trade
Exports
Geographic Names: **United States**
US
Companies: **National Security Council**

Abstract:

Nolan indicates that new mechanisms are needed to stem the flow abroad of a new generation of increasingly destructive conventional weapons. The National Security Council should be authorized to formulate arms export policies.

Full Text:

Copyright Issues in Science and Technology Fall 1996

[Headnote]

New mechanisms are urgently needed to stem the flow abroad of a new generation of increasingly destructive conventional weapons.

In the wake of the Cold War, the proliferation of conventional weapons is emerging as a critical international issue. New economic pressures-the result of shrinking international arms sales combined with cutbacks in domestic defense procurement in many countries-are forcing arms producers at home and abroad to jostle for position in an overcrowded market. This fierce competition is matched by buyers' growing interest in the high-end weapons whose effectiveness was demonstrated so dramatically in the Gulf War. Meanwhile, the demise of the Coordinating Committee on Multilateral Exports (CoCom) has left a major gap in the international coordination of national arms export policies.

In February 1995, the Clinton administration established the Presidential Advisory Board on Arms Proliferation Policy to study the factors that contribute to the proliferation of strategic and advanced conventional military weapons and technologies and to identify policy options for restraining that proliferation. Members of the panel (whose views are reflected in this article) included Edward Randolph Jayne II, Ronald F. Lehman, David E. McGiffert, and Paul C. Warnke. Together, we spent more than a year hearing presentations by representatives of government agencies, industry, and nongovernmental organizations. Our conclusion, released in a formal report in July 1996: If the United States' overall nonproliferation goals are to succeed, the control of conventional arms exports must become a significantly more important and more integral element of U.S. foreign and defense policy. Right now, however, we have neither the international nor the domestic mechanisms we need to deal effectively with this problem.

New dangers, new pressures

The control of conventional arms has always been a lower priority than the control of weapons considered more dangerous or repugnant, such as nuclear, chemical, and biological weapons. Yet the

line between conventional and unconventional weapons is growing ever finer. Some so-called conventional weapons—those with destructive mechanisms that are not nuclear, chemical, or biological—have achieved degrees of military effectiveness previously associated only with nuclear weapons. In addition, certain advanced systems can be used to deliver weapons of mass destruction. In fact, the principal formal international arrangement for restraint of the transfer of conventional arms, the Missile Technology Control Regime, restricts the sale of ballistic and cruise missiles largely because they are capable of delivering nuclear, chemical, and biological weapons.

Unregulated proliferation of conventional arms and technologies, particularly in their more advanced forms, can drastically undermine regional stability, posing a threat to U.S. security and interests. By putting ever more powerful weapons in the hands of potential problem states, questionable arms exports could ultimately cost American lives. And the threat of facing more sophisticated weapons abroad could compel exporting states to develop even more advanced weapons, setting in motion a vicious circle.

The pressure to sell advanced conventional weapons is accelerating in the depressed arms market of the post-Cold War era. Since 1989, the constant dollar value of conventional weapons exported by the six leading suppliers has dropped by more than half, mostly because of a sharp decline in exports from the former Soviet Union. Accompanying this overall decline in exports, domestic arms procurement in supplier countries also has dropped precipitously as governments downsize their military forces.

In the United States, military procurement dropped more than 50 percent between 1987 and 1995, from \$104 billion to \$47 billion. U.S. exports of conventional arms have remained steady over this period, averaging about \$10 billion per year, though they now account for a much larger share of —the international market—nearly three-fifths, as compared with about one-quarter in 1987. Faced with excess capacity in weapons production, both national governments and arms suppliers have become much more aggressive in seeking to sell arms abroad. Like any other merchants, they are cutting prices and negotiating special deals with buyers. Sensing their advantage, buyers are demanding access to front-line state-of-the-art equipment and technologies that suppliers previously reserved for their own national forces. In addition, they are pressing for more generous terms: Contracts are more likely to include so-called direct offset agreements that allow buyers to undertake licensed production of the weapons systems or technologies they purchase. These provisions can further the dissemination of military technology or know-how. Purchasers who lack the requisite capabilities may negotiate indirect offsets that require sellers to import other goods from the buyer, transfer commercial technology, or invest in the purchasing country.

The diffusion of technology plays an important role in the proliferation of advanced conventional weapons. As the world's economies develop technologically, the number of current and potential producers steadily expands beyond the handful of nations that once designed and built these systems. More than 35 countries now export conventional weapons (admittedly of varying degrees of capability). And as developing countries establish their own weapons industries, they become more capable of tapping into new sources of commercial and dual-use (those with both commercial and military applications) technologies that are not subject to national or international export constraints.

This trend poses important challenges to the control of international transfers. For one thing, critical technologies that are vital to defense, from supercomputers to biotechnologies to fiber optics, are more and more likely to have commercial origins. As a result, an ever-shrinking proportion of military-related technologies are subject to direct governmental controls. For another, the rising number of potential suppliers of weapons and technology makes the creation of a self-regulating cartel difficult, if not

impossible. A number of suppliers have indicated that they will not support any restraint regime until they have a more equal share of the arms market.

The history of past arms control efforts teaches us that restraints depending solely on supplier cartels are weak at best. A broader and more effective solution is to push for international consensus and control mechanisms to limit selected conventional weapons and technologies. Economic competition may be the greatest remaining obstacle to this effort. Although the end of the Cold War has made possible increased international cooperation, it has also removed the perception of a common threat. In the face of growing economic pressure, the will to accept restraints is weak. Alliances and individual nations that might in the past have been counted on to take conservative, restrictive approaches to sales of state-of-the-art conventional weaponry show much less, if any, inclination to do so today. For this reason, U.S. leadership on this issue is essential; nothing will happen without it.

Toward a new regime

The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies offers a practical and potentially promising forum in which to address the dangers of proliferation of conventional weapons and related technologies. First proposed by the Clinton administration two years ago and formalized in December 1995 as a successor to CoCom, the Arrangement is intended to establish a formal process of transparency (information sharing) among its 28 members and to adopt common policies of restraint. It is still a work in progress, however, and the outcome of future negotiations will determine its effectiveness. Because arms and technology transfers are so controversial, the most promising strategy for an international restraint regime is to begin with modest, noncontroversial objectives that can be expanded over time. One such approach might be to emphasize restraint only on certain highly effective advanced conventional weapons.

Highly effective weapons share certain key capabilities: autonomous functioning, which permits them to be operated by military forces with limited sophistication; precision; long range; and stealth. Examples include advanced sea and land mines, advanced missiles, stealth aircraft, and submarines. Many of these weapons have few or no substitutes; and because considerable technical prowess is needed to develop autonomous capability—a critical factor in making these weapons useful for less advanced militaries—most states are not likely to be able to develop their own versions of these weapons in the near future. Moreover, some advanced weapons, such as advanced munitions and missiles, account for only a small share of international arms sales, so that the economic losses associated with restraint would not be high. Weapons systems that meet these three criteria—high effectiveness, low substitutability, and low opportunity costs—would be good candidates for restraint.

A second approach would be to emphasize restraint on the sale of especially repugnant weapons. These might include certain incendiary and fragmentation weapons, blinding lasers, or antipersonnel mines. No government has a significant stake in these weapons. The discussion of a global ban on the export of such weapons could be a reasonable starting point for a multinational dialogue on restraint of technology transfer.

Controlling technology transfers is more complicated than controlling the flow of weapons and requires a multipronged approach. Key technologies with purely military applications, such as fuse or warhead technologies, may be addressed effectively through supplier restrictions, for there are few suppliers and their commerce can be segregated from routine trade. But more and more technologies with military applications have valuable civilian applications as well. They may be essential to economic growth, environmental sustainability, health, or education, and may move in international trade in what appears

to be a nonmilitary and therefore nonproblematic way. The commercialization of military technologies argues for a control system that begins to shift the focus away from controls only on exports to controls on their actual end use. In other words, technology transfers with commercial applications should be permitted only if the seller states can be confident that these technologies will not be used for proscribed military applications.

Creating a credible system of end-use assurances is essential. But it will require profoundly greater levels of transparency in the international trading system as well as a more effective system of enforcement. Industry is also likely to complain about the imposition of an added regulatory burden. However, if a transparency regime could reduce intrusions on legitimate trade while protecting the goal of nonproliferation, it might well be welcomed by participants.

For both weapons and technology, transparency is the key principle around which international efforts should focus. Again, the Wassenaar Arrangement provides a valuable framework within which to establish procedures for monitoring and anticipating technological developments and to create mechanisms for routine consultation among countries that both sell and buy arms and technology.

Finally, efforts to monitor and restrain the proliferation of weapons and technology would benefit from the streamlining of existing national and multinational enforcement mechanisms. The United States alone currently participates in at least six distinct control arrangements. Although they have different histories, in practice they face similar administrative and regulatory challenges; violations within the various regimes often involve the same arms traders and pose common intelligence and enforcement challenges as well. This effort, too, could be implemented through the Wassenaar Arrangement.

Restraint starts at home

If the United States is to take the lead in encouraging international restraint in weapons transfers, it must resist domestic political pressure to approve arms exports on economic grounds. In the United States, no less than in other armsexporting countries, industry has responded to dramatic cuts in domestic procurement by arguing that arms and technology exports are vital to the maintenance of the defense industrial base. Indeed, the Clinton administration's conventional arms transfer policy, finalized in February 1995 in a Presidential Decision Directive, accords a more explicit level of recognition to the preservation of the defense industrial base and to domestic economic issues associated with arms exports than has been the case in the past. Later in 1995, the president signed into law two new arms export subsidy programs: a government-backed \$15billion loan-guarantee fund and a \$200-million-a-year tax break for foreign arms purchasers.

The sharp decline in domestic weapons procurement has proved devastating for some communities in which military-related industries were located. These communities, along with organized labor, have put pressure on political leaders to expand arms exports in order to preserve jobs. Industry representatives, meanwhile, have argued that production for export helps to cut the costs of domestic procurement by contributing to overhead costs, improving economies of scale, and keeping production lines operating during periods when they would otherwise be shut down, thus avoiding the costs of restarting the line.

None of these arguments provide a rational justification for stepping back from well-conceived arms restraint policies. For one thing, arms exports account for only about 300,000 jobs-far too few to make up for the 1.8 million jobs lost as a result of military downsizing. But more important, arms sales that would be rejected on the basis of foreign policy and national security considerations should not be

approved simply to preserve jobs or keep a production line open. Unwise arms sales remain unwise no matter how many jobs are involved.

A policy approving arms transfers solely for industrial base reasons would undercut the very sort of international regime that is so desperately needed. If any participating country is allowed to use its independent judgment to transfer a weapon or technology, the whole purpose and nature of a restraint regime is subverted. It is not only appropriate but mandatory that the United States and other nations agree to handle legitimate domestic economic and defense industrial base issues through other policies and actions.

By the same token, however, the U.S. government should not yield to political pressure to intervene further in arms exports once they have been approved. Excessive government involvement in arms transfers may distort prices or foster an unhealthy, special-interest relationship between government and industry. In recent months, debate has erupted around a number of issues related to the government's role in arms sales, particularly the negotiation of offset agreements. Organized labor has argued strongly that the U.S. government should prohibit, or at least significantly restrict, offset agreements on the grounds that they divert needed jobs and wages overseas.

To the extent that offset agreements involve the potentially destabilizing transfer of arms and related technology, they warrant careful government review. But once arms transfers are approved on foreign policy or national security grounds, the economic aspects of each sale should be left to the producer and purchaser. The long and successful history of U.S. commercial trade in high technology is full of direct and indirect offset arrangements, and the net benefit to U.S. employment and the domestic economy has been substantial.

Duplication and inefficiency

Good policy and good process go hand in hand. There is no doubt that the way we make policy and the way we make individual arms or technology transfer decisions are absolutely critical to achieving U.S. arms control goals. Right now, however, the U.S. arms export control process is beset by duplication, fragmentation, and inefficiency. Weapons exports are handled separately from technology exports; in each case, decisionmaking is dispersed among a variety of federal agencies. Moreover, the process of reviewing export requests is cumbersome and outdated, particularly because of the inability to get broad interagency agreement on information system requirements. Bureaucratic warfare, rather than analysis, characterizes a process whose outcome is more likely to reflect shortterm political compromise than coherent, long-term policy goals.

Any effort to restrain arms and technology transfers must balance competing foreign policy, national security, and economic interests. The current U.S. system of export controls reflects this tension, as it must and should. However, a stronger hand is needed at the helm. The National Security Council is the natural candidate to take the lead. Its role should be more than that of a mediator, however. Drawing on its longstanding interagency process, it should take responsibility for formulating arms and technology export control policy and issuing procedural guidelines.

An important first step is to develop an integrated management information system for use by all agencies involved in the export control process. This will save time and money and will make for more consistent and intelligent application of policy in the long run. A more far-reaching reform is to consolidate the application, review, and approval process for arms and technology exports into a single organization. At a minimum, a uniform application process could be established and, in clear-cut cases,

the approval process could be expedited so as not to require interagency review. These steps would vastly improve the efficiency of the process, cutting costs for both government and the companies seeking to export.

The world struggles today with the implications of advanced conventional weapons. It will, in the not-too-distant future, be confronted with yet another generation of weapons whose destructive power, size, cost, and availability can raise even more problems than their predecessors. These challenges will require a new culture among nations, one that accepts increased responsibility for control and restraint at the price of short-term economic gain. This kind of change cannot happen overnight, but strong U.S. leadership can do much to guide the international community toward it.

[Author note]

Janne E. Nolan, a senior fellow at the Brookings Institution in Washington, D.C., chaired the Presidential Advisory Board on Arms Proliferation Policy.

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.